

The American Observer

A free, virtuous and enlightened people must know well the great principles and causes on which their happiness depends. — James Monroe

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Schools of Country Study Medical Cost

Various Programs of Health Insurance to Provide Adequate Care Debated

MOST DOCTORS OPPOSE IDEA

But Costs Under Present System Prevent Many Families from Enjoying Medical Facilities

It is a tragic thing to be ill and not be able to obtain good medical care; a tragic thing for the one who is afflicted and an even more heartbreaking experience for the other members of the family. Illness is bad enough in any case. It brings anxiety, sorrow, dread, to the home. But there is relief and satisfaction if all feel that every assistance afforded by medical science is being given. What is worse, however, than to see a relative or close friend stricken by a serious ailment, to know that the life might be saved by the right kind of attention, to investigate the costs and find that such attention is so costly that it cannot be had?

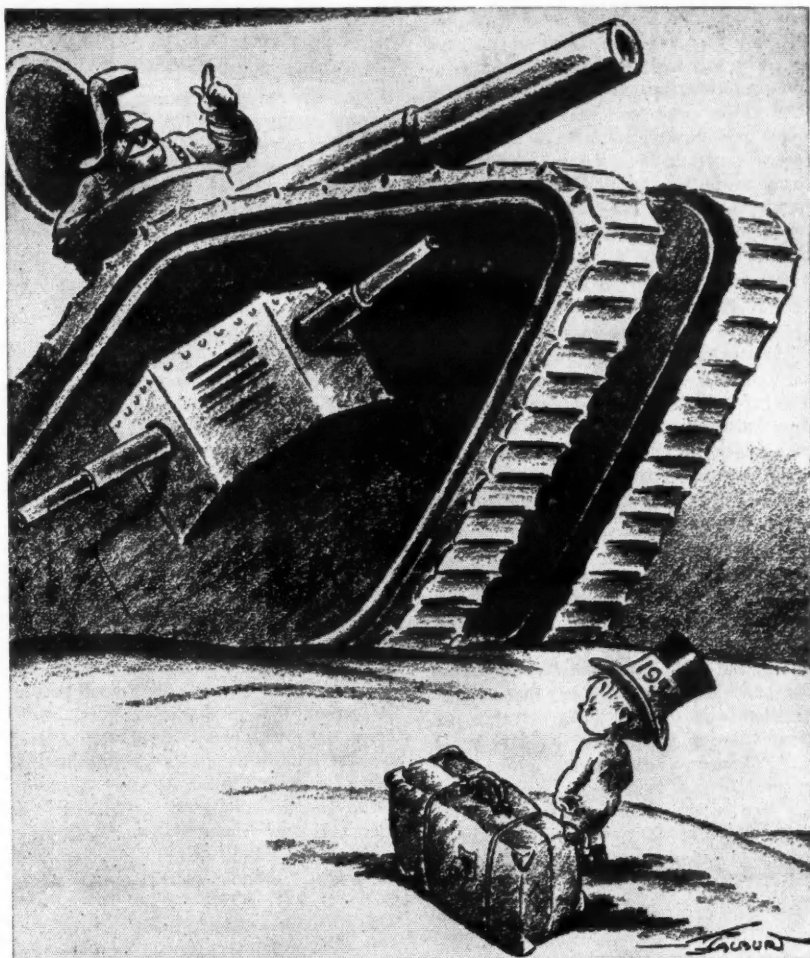
Yet that is the situation in which people by the hundreds of thousands find themselves every year. Medical care is costly. If one calls on the doctor it costs from \$2 to \$5, depending on whether one lives in the country districts or the city. If the doctor calls at the home the charge is higher. If one must go to a hospital the room alone costs from \$4 to \$6 a day or even more. Then there are numerous other charges; charges for medicine, for various sorts of treatments. For nurses, if private nurses are required, the charge is likely to be from \$6 to \$8 a day, plus the costs of food. In a serious case, where a day and night nurse must be employed, the hospital bill may easily run to around \$25 or \$30 a day.

A Growing Problem

In the days of our parents and grandparents, this problem of hospital and nursing costs was not so serious. There was not then such urgent need for expenditures of that kind. It was easier to care for the sick at home, for houses were larger and spare rooms were more commonly available than now, when so many families live in small apartments in congested sections. In the old days the neighbors came in to help when there was sickness. Their ministrations were not always skillful, it is true, and they did not fill the places now occupied by trained nurses. But they did help out, and they made it possible for the family to get along without paid assistance. Under the conditions which prevail in most parts of the country at the present time, however, it is not so easy as it once was to care for the sick at home and without employing nurses.

Preventive medical attention is correspondingly expensive. People are advised to have a thorough medical examination at least once a year. In this way diseases may be detected in their early stages and may be successfully treated. Many serious disorders would unquestionably be prevented if each person were examined by a competent physician annually. But these examinations cost money. A doctor in a small town may give one a thorough going-over for little more than the price of an ordinary office call. But in the city, and half the population lives in cities, a physician of recognized

(Continued on page 8)



TAXI, MISTER!

—Talburt in Washington News

Devotion to Duty

A story of rare heroism came the other day from San Francisco; a story of the sort that rekindles our faith in human nature. It is the story, says the New York Times, "of a light that did not fail." Here are the facts as the Times relates them:

"Albert Joost, 57 years old, and his wife, Evelyn, sat in the dusk of Monday evening in Southampton lighthouse, miles from shore, marking the precarious channel from the Golden Gate to the Mare Island navy yard in upper San Francisco Bay. Supper was to be prepared and the radio was to be fixed. Joost attempted to repair the station radio with a soldering iron and in some way the white hot metal ignited a can of gasoline. There was a flash and his body was suddenly wrapped in a sheet of flame. With her bare hands, Mrs. Joost beat at the flames. Then with blankets, caught swiftly from the beds, she put out the blaze. She guided her blinded and weakened husband down the long ladders to a small boat at the base of the lighthouse. Against time and death and rising seas she rowed to the government immigration station on Angel Island. Sentries of the army garrison on the island heard the woman's cries out of the darkness, found her at the landing, lifted her husband ashore, and carried him to the little hospital.

"But Mrs. Joost did not wait. Her husband's words, spoken through seared lips, urged her on: 'The light—it's growing dark.' Back to the boat she ran and back to the lighthouse she rowed to tend the light and fog horns, as her husband had taught her to do long ago. Late that night the brave woman was relieved at her post and taken to her husband's bedside. He was transferred later to the Marine Hospital in San Francisco. He died this morning, and then the story of his wife's heroism was told."

The world needs more men and women like the Joosts—men and women who feel a sense of responsibility and who will let nothing deter them from the performance of their duty. The story of their heroism, of their devotion to duty, should be an inspiration to the student who allows the slightest excuse to keep him from class, or the man who lets his work go if it would inconvenience him somewhat to attend to it. It is possible, of course, to be fanatical about one's duties, performing them sometimes at the expense of some greater good that may suffer because an exception is not made. But cases of that kind are rare.

The student, the worker, the business executive, the public official who will not stand and deliver under difficulties is all too common. There are always excuses. The Joosts had the best of excuses for letting the light go out, and if wrecks had resulted, no one would have blamed them. But they weren't looking for excuses. They were loyal to their conception of duty, even in the shadow of death. And the light that did not fail on that sad night, was more than a beacon for the ships at the Golden Gate; it was a beacon light which should guide millions along paths of loyalty and duty.

League Again Tries to End African War

Council to Meet January 20 to Consider Action After Collapse of Hoare-Laval Plan

SECRET DIPLOMACY EXPOSED

Paris Meeting Sheds New Light on Policies of the British and French Governments

When the Council of the League of Nations meets again on January 20 it will be faced with the difficult task of trying to decide upon the next step which should be taken in the effort to end the Italo-Ethiopian war. At least three avenues will be open to it. It may adopt the proposal for an oil embargo against Italy and prepare for a military contest with Mussolini, who has threatened to make war in Europe if he is deprived of oil. It may prefer to delay any action, hoping that the program of sanctions already in effect, coupled with the remarkable resistance which Ethiopia is offering to Italian troops, will in the end force Il Duce to sue for peace. Finally, it may seek some new peace plan which will attempt to provide an acceptable settlement of the conflict.

Amazing Events

The course of action to be taken will, of course, depend upon the attitude of the Council members and particularly on that of France and Great Britain, the nations which have played a leading role in all negotiations to date. Since the last issue of THE AMERICAN OBSERVER went to press, an amazing sequence of events has done much to reveal the policies of the British and French governments. The story of what happened a few weeks ago is worth telling, even at this late date, for it will help to explain the things that are yet to come.

As will be remembered, the British government, prior to December 8, had taken the lead in demanding that the League of Nations discipline Italy for her aggressive attack upon Ethiopia. Stirring speeches testifying to Britain's devotion to the League of Nations had been made by Foreign Secretary Sir Samuel Hoare in Geneva, and by Prime Minister Baldwin and other Conservative leaders in England. To show how determined it was that Italy should be rebuked, the British government even sent its fleet hurrying to the Mediterranean. It was the strong stand taken by Britain, in fact, that was almost wholly responsible for the inauguration of a program of League sanctions or penalties against Italy.

There were two reasons for this British policy. The first was the undoubted popularity of the League of Nations among the British people. Earlier in the year over 11,000,000 voters (more than a third of the total eligible voters) had taken part in a private poll sponsored by the League of Nations Union. The vote showed overwhelming support for Britain's membership in the League and for economic sanctions against an aggressor nation. Military sanctions to protect the Covenant of the League were even approved by more than 6,000,000 voters.

Further evidence of the state of popular opinion was revealed in the November elections when the Baldwin government was returned to power by a large majority, largely on the basis of its strong policy in

Geneva and its pledges of continued League support.

The second reason for the British government's insistence that Italy be penalized was the fact that Britain's imperial interests could not permit the growth of Italian influence in the Mediterranean. The British feared consequences for Lake Tana, the headwaters of the Blue Nile in Ethiopia, and for their vital trade routes through the Mediterranean and the Suez Canal. They could not afford to allow the development of an Italian menace to their position.

As may be seen, it so happened that Britain's imperial interests coincided with the will of the people. Sir Samuel Hoare could solemnly proclaim that it was England's faithfulness to the League Covenant, and not her fears of a powerful Italy, that motivated her in calling for sanctions and in strengthening her Mediterranean defenses. Sir Samuel's words and actions caused his prestige as a statesman to soar.

The Paris Meeting

But suddenly a series of events was set in motion which left no doubt that the Conservative government of Great Britain was far from having the devotion it professed to the League of Nations. A quick shift in its tactics on December 8 proved that it did not consider the League a sacred organization.

On the eighth of December, Sir Samuel Hoare concluded a conference with Premier Laval in Paris. They had previously agreed

interests than of the League of Nations when it first demanded economic sanctions, else it would never have agreed to a plan which promised to deal such a severe blow to the League, as Sir Samuel Hoare did in Paris. It is also clear that the British government became convinced that the economic sanctions might have more than the desired effect. Instead of causing a humble retreat on the part of Mussolini, the program was apparently leading straight to a larger war. At least Mussolini threatened to make war on Britain if an oil embargo were decided upon. Thus, the British seemed about to get much more than they had bargained for. Mussolini might have been checked and Britain's imperial position protected, but the price might have been a European war in which England would have had to take the leading part. France would have come reluctantly and slowly to the help of Britain, for all along Premier Laval had opposed sanctions. He had been anxious to preserve Franco-Italian friendship, for Italy is a badly needed ally in case of future trouble with Germany.

Hence Hoare and Laval were agreed that the greatest possible effort should be made to placate Mussolini. To allow the situation to drift until an oil embargo should become inevitable they felt was too dangerous. Mussolini might have carried out his threatened attack on Britain—an event which would have led to the most dangerous consequences.

Germany's Part

Foremost of these consequences was the advantage which would have come to Germany. Hitler's one wish has been to break the united front among Great Britain, France, and Italy, established at the Stresa conference last year. He has maneuvered consistently to drive a wedge between the allies, knowing that if he could separate them, Germany would come into a pre-eminent position in Europe. It would delight him to see them fight among themselves, for afterward he would be in a position to annex Austria and to carry out his other designs in Europe.

So Hoare and Laval agreed that the risk of pressing sanctions against Mussolini was too great. They felt that the friendship of Italy was more important to them than the League of Nations and that, above all, Hitler should not be allowed to gain an upper hand. Thus, they drew up the famous, or infamous, plan and sent it on to Rome.

But it appears that their deliberations did not stop at this. There is evidence that the two statesmen agreed to pursue certain other policies, that they developed further plans by which they felt Europe could be kept out of war. It is believed that they decided to make overtures to Hitler in an attempt to draw him into a four-power combination which would direct the affairs of Europe. Germany was to be asked to sign an air agreement protecting Europe's western boundaries, and she was to be drawn back into the League of Nations. This body was to be reorganized to permit the establishment of a steering committee composed of Great Britain, France, Italy, and Germany. Doubtless, this committee would dominate the League.

The day the peace plan was adopted, the British ambassador in Berlin was ordered to seek an audience with Hitler. His request was granted on December 14. He outlined the plans for an air pact and expressed British concern over the growth of German armaments. How much else he suggested is not known but at any rate he got no satisfaction. Hitler displayed an uncompromising, ill-tempered attitude. He claimed for Germany the largest air force in Europe. He said that Germany must have her colonies returned to her and that she would consider no negotiations of any kind until after the Ethiopian affair was terminated.

If an attempt was made to bring Hitler into a four-power combination, he certainly showed no eagerness for it. He may have felt that time was on his side and that if he waited long enough Germany would achieve a dominant position without the necessity of entering an agreement with the other powers. Or perhaps he was trying

to gain the best possible terms before giving his consent.

It is no secret that Germany intends to expand toward the east someday, if she can. The Baltic nations and Russia will suffer if she succeeds. It is taken for granted that Hitler wants assurance from France and Britain that they will not interfere in a war between Germany and Russia.

Russia Left Out

It seems unlikely that France was ready to promise this much as the price of making friends with Germany. It is significant, however, that in all the talk of a four-power steering committee within the League, no mention is made of Russia as a member, although the Soviets have lately played an important part in all European affairs. It is possible that Laval, who does not feel kindly toward Russia, may have had some sympathy for Hitler's plan although he was not yet ready to agree to it. The amity between France and Russia is popular among many French people.

Future revelations will show how much of this is true. Someday the whole story of the Hoare-Laval meeting will be told, and it will make an engaging chapter in the history of secret diplomacy.

In any event, all such plans have been checked for the moment. The popular indignation of the British and French people has caused the governments to abandon any designs they may have had. Prime Minister Baldwin has been contrite to the point of naming Captain Anthony Eden, an ardent League supporter, to succeed Sir Samuel Hoare. Premier Laval was kept in office by a margin of only 20 votes, and was made to promise that he would stand behind the League.

Many observers look upon the collapse of the Hoare-Laval proposal as the most important victory the League has won since its foundation. It is proof that millions of people in Europe are convinced that their only hope of safety lies in such a broad collective agency as the League of Nations. Many of them feel that if the League can bring about the defeat of Italy it will become all the easier to keep Hitler in check in the future. They do not approve of secret diplomacy such as Hoare and Laval carried on and such as was so prevalent before the outbreak of the World War.

It is against this background that the League Council will meet on January 20. The decision which will be taken may be important, for it may show the extent to which the British and French governments are now willing to support the League. It may show whether they are sincerely ready to obey the popular will of their people or whether they are merely delaying and waiting for a new opportunity to revive old proposals.



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PREMIER LAVAL AND FOREIGN MINISTER EDEN

Schools of Country Study Medical Cost

(Concluded from page 8)

people want to do away with our public school system, and the same would be true of health insurance, once it were established. Doctors, under a system of health insurance, by combining their efforts, would not have to maintain individual offices and would not have to duplicate expensive equipment to the extent they do at present. Hence, their expenses could be reduced. They could feel more free to work if they did not have to worry about collecting bills. All in all, doctors and patients and the general public would be better off under a system of health insurance. So go the arguments of those in favor of health insurance.

The leading opponent of health insurance is the American Medical Association, a national organization to which practically all doctors belong. While many members of this association look favorably on some sort of health insurance system, the majority in the association are greatly opposed to any such plan, especially to a compulsory plan. These doctors argue against such a proposal on the grounds which we have already mentioned. However, two state branches of the American Medical Association—California and Michigan—have broken away from the leadership of the national organization by giving their approval to the principles of health insurance. The California Medical Association has gone so far as to offer its cooperation with the state legislature in drawing up a plan.

The general problem of the cost of medical care is receiving increasing attention throughout the nation. A number of state legislatures have considered it. It is being called to the notice of the American people this winter through the debates which are being conducted in the high schools, for it is the national high school debate question. It is not unlikely that a determined effort will be made soon to add health insurance to the social insurance plan adopted last year, by which systems of unemployment and old-age insurance have been provided by national law.

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HANDS ACROSS THE SEA
—Brown in N. Y. Herald-Tribune

to make another bid for peace before the League Sanctions Committee should meet on December 12 to consider an oil embargo, and it was for this purpose that Sir Samuel went to Paris. After prolonged discussion the two statesmen came to terms on a peace proposal and forwarded it to Mussolini for his consideration. But before the Italian dictator had time to give an answer, news of the plan's contents leaked out to the French press and quickly spread to other nations. The world read with amazement that Hoare and Laval had agreed to give half of Ethiopia to Italy, more than he had taken by armed conquest and much more than the League had ever thought of offering him before hostilities began.

This startling plan to reward Mussolini for his aggression, to stop the war by sacrificing all the League's principles, caused the public in all democratic nations to gasp. A storm of disapproval began to mount and it reached such fury that Sir Samuel Hoare in the end was obliged to tender his resignation and Premier Laval just escaped being overthrown by an angry Chamber of Deputies. The peace plan was promptly repudiated by the League Council.

British Policy

We come now to a consideration of why Sir Samuel Hoare and Premier Laval deemed it necessary to offer such large concessions to Mussolini. Many reasons have been advanced, both officially and unofficially. The whole story has not yet been told, but enough is known to permit a reasonably accurate statement of the facts.

It is certain now that the British government was thinking more of its imperial



© Wide World
SIR SAMUEL HOARE

AROUND THE WORLD

France: Late last month, Premier Pierre Laval received a vote of confidence in the French Chamber of Deputies. He had a very small majority, for the vote was 296 to 276. He will thus retain the premiership for a while. If a majority had voted against him he would have been obliged to resign. In that case, a leader of the parties voting against him would have been called in by the president of France, Albert Lebrun, and would have been asked to form a cabinet. It is generally believed that Laval's opponents could have voted him out if they had cared to do so, but they did not want to take over power and responsibility at this time. Most observers think that before many weeks Laval will lose his majority.

The reasons for Laval's unpopularity are rather complex. In part, the dissatisfaction is due to his domestic policies and part of it is due to his international program. In domestic policies, Laval represents, in a general way, the business interests, just as the Conservative party in England does, and as the conservative Republicans and Democrats of the United States do. He favors the cutting down of relief as much as possible. He would pare the expenses of the government and maintain the gold standard. This policy has led to lower wages and is opposed by representatives of the working classes, who could probably seize the premiership if they cared to. They hesitate to do so because, while they might secure a temporary majority in the Chamber of Deputies, they would have difficulty in carrying out their program.

Opinion in France on Laval's foreign policy is sharply divided. Many Frenchmen favor maintaining peace with Italy at almost any cost. Those who take this position approve the Laval-Hoare attempt to stop the Ethiopian war by giving Italy a large portion of Ethiopia, thus buying her off. Another section of French opinion, probably greater in number, think that France's security depends upon maintaining a strong League of Nations, a League strong enough to prevent aggression by Italy, Germany, or any other country. Those who hold to this view oppose Laval League program of sanctions against the Italians.

* * *

Far East: Whenever the Japanese wish to make a further invasion into China, they always find some excuse for doing so. They have enough regard for the opinion of the rest of the world not to lead their armies ruthlessly into the territory of their weak neighbor unless they can give some plausible reason for thus extending their power. Usually the excuse is found in some outbreak among the Chinese. There will be disorder somewhere in China and the Japa-



POLITICAL CRITICISM IN MEXICO
A group of demonstrators loyal to President Cardenas is reviling former President Calles by placing a caricature of him on the face of a mule.

nese will say that they must go in to create an orderly government and to protect life.

Such an excuse was afforded to the Japanese by a body of Chinese students recently. Several thousand students in Shanghai had been demanding that the authorities give them transportation to Nanking so that they might protest against Japanese aggression to the central Chinese government. It was their belief that the government, headed by Chiang Kai-shek, was weak and was unnecessarily submitting to Japanese dictation. Finally, after several days' agitation, a train was furnished to the students of Shanghai. But when it was about 35 miles outside the city, the engines were detached and the students were ordered home by the police. The next day, two unidentified students killed Tang Yu-Jen, vice-minister of railways, who was known to be pro-Japanese. The Japanese government at once announced that it would have to take a stronger hand in dealing with China. It was declared that compromises with the Chinese must be abandoned and that Japan must act with firmness. It is not unlikely, therefore, that Japan is preparing to strengthen her hold upon China.

Reports indicate that feeling between the Japanese and Russians is becoming more embittered. Each country has long been suspicious of the other. The Russians are aware of the fact that the Japanese have been expanding their influence in the direction of Russian territory in the neighborhood of Manchuria. The Japanese have taken over Manchuria and have taken over parts of Inner Mongolia, which places them at the doors of Outer Mongolia, which is dominated by Russia. The Japanese, at the same time, are afraid that Russia will extend her influence into China and spread

communism to that country, and possibly disseminate communistic doctrines among the Japanese. Each nation has concentrated military forces along the border. Several skirmishes have occurred lately between the Japanese and the Outer Mongolians. This border fighting has created an added strain between the two great powers of the Far East.

* * *

Czechoslovakia: Dr. Thomas G. Masaryk, the grand old man of Czechoslovakia, who has been president of that republic since it was organized as a nation at the close of the war, resigned his office last month because of his advanced age. His last official request was that his life-long friend and the foreign minister of Czechoslovakia, Dr. Eduard Benes, might be named to succeed him. The National Assembly, heeding the request of its retiring leader, elected Dr. Benes by an overwhelming majority.

Dr. Benes, like his predecessor, has been identified with the life of the Young Czechoslovak republic from the very beginning. In fact, Masaryk and Benes were connected with the republic even before its beginning. They had lived in the old Bohemia, which had become a part of Austria. During the war, they became revolutionaries, fled from the country, and went from capital to capital among the Allied nations, laying plans that, in case of Allied victory, Bohemia and certain adjoining territories might be organized into a new nation.

As a result largely of their efforts the new state was created by the treaty of peace. It was called Czechoslovakia, with the capital at Prague. Dr. Masaryk, who had been professor of philosophy in the University of Prague and who had lectured in American universities, became president, and for years Dr. Benes, who had also taught in the University of Prague, has been foreign minister. The two men, more than any others, have been responsible for Czechoslovak policy and have exerted a decided influence upon European diplomatic developments. Dr. Benes' most noteworthy achievement has been the organization of the Little Entente, or alliance among the three nations—Czechoslovakia, Roumania, and Yugoslavia. He was president of the Assembly of the League of Nations at its last session.

* * *

Mexico: Mexico City presented an exciting spectacle last month. Approaches to the city were guarded by troops, automo-

biles were searched, and a hastily convened Senate voted to oust from office the governors of four Mexican states.

The cause of all this furor was the swarthy, broad-faced General Plutarco Calles. Last summer Calles went into voluntary exile after ruling his country with an iron-fisted fist for 10 years. At that time he set up as president of Mexico, Lázaro Cárdenas. But the puppet refused to heed the strings. And upon the return of Calles, 80,000 workers gathered to swear devotion to their president and to demand that the former dictator be expelled. President Cárdenas reassured them that they had nothing to fear from Calles and promised that the latter's estates would be confiscated and distributed among them.

It was a tragic week for Plutarco Calles. But observers of the Cuban scene have a ready explanation. Though Calles, while in Mexico, had given encouragement to the development of his country, he had done little to relieve the plight of the Mexican masses. And it is with their plight that President Cárdenas has shown decided sympathy, though, whether he is out for real revolution or whether he is instead a demagogue playing upon the hopes of the people is something which is yet undetermined.

* * *

Hawaii: Men and mountains met in Hawaii the latter part of last week. From the feverish jaws of Mauna Loa flames of fire had been leaping forth as out of the mouth of some mythical dragon, and lava had been flowing down the side of this mountain, brushing past trees, crawling up hillocks, and each day advancing one mile nearer to Hilo, threatening that city with the stony fate of Pompeii. But army aviators flew 3,000 feet above the crater and dropped charges of explosive. It was hoped in this way either to change the course of the flow by tearing a hole on the other side of the mountain or by blasting to dam up the mouth of the crater.

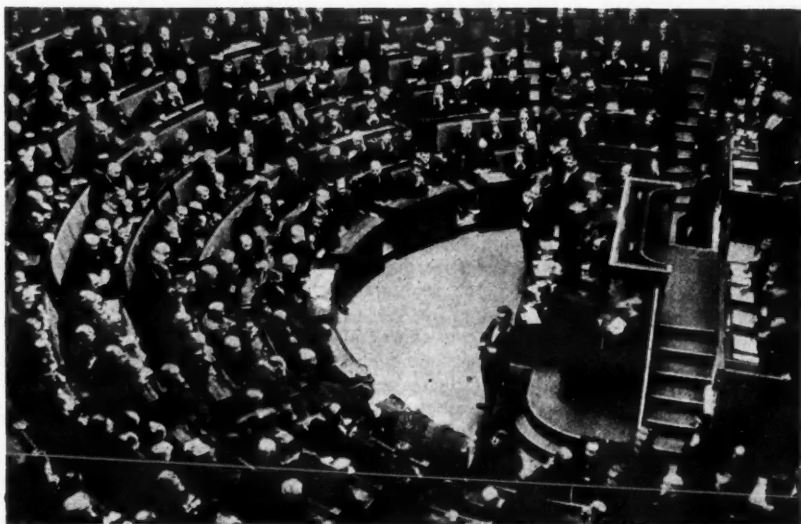
The flow of lava is stopped. It has not yet been determined whether this was accomplished by the bombing or not. But many of the natives feel that the aviators have insulted Pele, the Hawaiian goddess of fire. They tell how in 1881, when the lava came within a mile of the city, a princess of the royal family left her castle and came out to meet the advancing stream. The princess called upon Pele to cease her wrath. And the giant volcano then quieted down.

* * *

Cuba: Carlos Mendieta has resigned as president of Cuba, and his place has been taken by the secretary of state, Jose Barnet. Thus for the sixth time in less than two and a half years the presidential palace in Havana has changed occupants. The resignation of Mendieta appears to have been caused by the opposition aroused against the system of elections which was devised by President Harold W. Dodds of Princeton University. Left-wing parties in Cuba feel that the new system has discriminated against them and makes it impossible for them to put any candidate in the field. Their opposition to the elections, scheduled for January 10, has been expressed in threats of revolution. And for this purpose they have been kidnapping wealthy Cubans and holding them for ransom. The money is to be used for propaganda and ammunition.

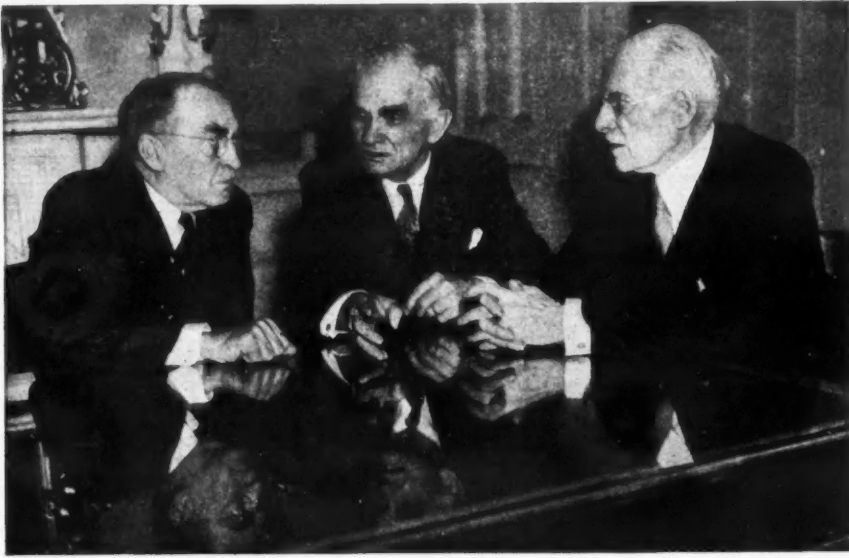


CARLOS MENDIETA



THE FRENCH CHAMBER OF DEPUTIES
Premier Laval may be seen seated in one of the front-row seats.

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AS CONGRESS MEETS

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House leaders confer on plans for the session. Left to right: Representative William B. Bankhead of Alabama, majority leader; Speaker Joseph W. Byrns of Tennessee; and Representative Edward Taylor of Colorado, acting majority leader at the last session.

A Year of Recovery

The big fact about 1935 is that it was a year of recovery. Whatever the future may bring, and the future is at all times clouded by a degree of uncertainty, conditions did improve markedly during the last year. The extent of the recovery becomes clear upon an examination of figures relative to business activity. The tables prepared by the *Annalist*, a weekly financial and business journal published by the New York Times, are widely used in determining the state of business. The *Annalist* estimates that in 1929 business activity in general was 116.7 per cent of normal; that is, it was more than 16 per cent above what it might have been expected to be had these been other than "boom" times. By the spring of 1933 business activity, according to the *Annalist*, had fallen to 58.4 per cent of normal. This was the low point of the depression. After that, there was an uneven rise until June 1935, when the business index stood at 79 per cent of normal. Since June there has been a steady upward climb, and now business activity is 90 per cent of normal. *Business Week*, another reputable weekly business publication, makes the following comment on the economic situation as it developed during the year 1935:

No year since 1928 has found business in a more cheerful mood. Many lines have established new production, sales, and profit records



THE BATTLE OF THE CENTURY
—Herblock in Washington News

that put even 1929 in the shade. Others have come close to that goal. Residential construction has received its first upward thrust in virtually a decade. Plant expansion and modernization have made notable strides. Nine reciprocal trade treaties have been completed, paving the way for a better distribution of the world's goods between the "haves" and "have-nots." Despite record-breaking bank reserves and threats of foreign wars, there has been no evidence of price inflation. Such unorthodox industrial experiments as the NRA have been brushed aside without so much as jolting the economic chariot. And a new experiment in social security has been inaugurated whose significance is as yet undetermined.

On the other hand, the fact that unemployment ranks have scarcely been dented, despite this record of accomplishments, classifies as the outstanding enigma of the day. Although the ranks of the unemployed in November were the thinnest

since November 1931, the total, according to National Industrial Conference Board estimates, still stood at 9.2 millions. Partial explanation of this situation lies in the fact that unemployment records cover all types of industry, while most of the production achievements emphasized in the daily press refer to manufacturing industries. Moreover, most comparisons of production and employment records take no account of the fuller employment being enjoyed by those already on the payrolls. Actually November employment in manufacturing industries is the highest for the month since 1929, and payrolls are close to the November 1930 level. It is in the fields of transportation, trade, domestic and personal service, and construction that the biggest reemployment job has yet to be done.

The National Industrial Conference Board, to which *Business Week* refers, reports that more than 9,000,000 men are still unemployed. Perhaps this figure is too low, for the board has always been conservative in its estimates. It figured, however, that at the low point of the depression more than 11,000,000 men were unemployed and that a year ago more than 10,000,000 were jobless. This board figures that there has been a 10 per cent reduction of unemployment during the last year. The number of unemployed is still very great. It should be remembered, however, that unemployment is usually not greatly reduced in the early stages of recovery from depression. This fact can easily be understood. When business begins to improve, business establishments find that they are receiving increased orders. Prosperity is returning. But for a while they are conservative. They increase production without adding much to their labor forces. They wait to see whether the increase of business is a mere spurt, or whether, on the other hand, it is likely to be permanent. If the increased orders continue to come, the businessmen gain confidence and begin to enlarge their staffs. Then in this later stage of recovery there is a great increase in employment. It seems probable that such a stage may be reached during the year 1936.

It is not unlikely, however, that even when business activity reaches the normal level, there will still be a very disturbing unemployment problem. Machinery has taken the place of hand labor to an unprecedented degree. That process was going on before the depression, and even then unemployment was becoming a serious problem. The process has continued during recent months. Many people believe, therefore, that even after what may be termed "good times" return, we may have as many as 5,000,000 unemployed. In that case the people and the government will be confronted by a first-rate economic and social problem. But whatever the more distant future may have in store for us, it appears at the beginning of 1936 that we are rapidly approaching the time when we can speak of the great depression in the past tense. At least we can say that not since January 1929 has a new year seen the American people so hopeful as they are now that 1936 is making its bow.

Congress Meets

The new year opened with the second session of the Seventy-fourth Congress ready to convene. It met on January 3. Not much

business is done on the opening days of a session. The real work begins with the week of January 6. As soon as a Congress assembles, it usually adjourns for a day out of respect to the members of the two houses who have died since the end of the previous session. The Senate this year observes the passing of Senator Schall of Minnesota—the blind senator who was killed in traffic a few days before Christmas. His place is being taken by Elmer A. Benson, a member of the Farmer-Labor party. This change gives Minnesota two Farmer-Labor senators, the other being Henrik Shipstead. Both the senators are of Norwegian stock. Senator Schall was a conservative Republican.

Since the death of Senator Schall, the political line-up in the Senate is now: Democrats, 69; Republicans, 23; Farmer-Labor, 2; Progressive, 1 (La Follette of Wisconsin); and vacancy, 1 (Louisiana). Party names do not mean as much, however, as might be imagined. A number of Democrats, the two Virginia senators, Byrd and Glass, for example, are conservative, and are hence in opposition to a great part of the New Deal. On the other hand, a number of Republicans, such as Senators Norris and Nye, are in fairly close harmony with much of the Roosevelt program. The significant division is not Republican vs. Democrat, but New Deal vs. anti-New Deal. So many senators and representatives are doubtful, or on the borderline of this issue, that it is impossible to give figures as to the strength of the two divisions. It is probable that the President will have a fairly large majority in both houses on most of the items of his program, but the majority will not be as great as the preponderance of Democrats in both houses would indicate.

Legislation and Politics

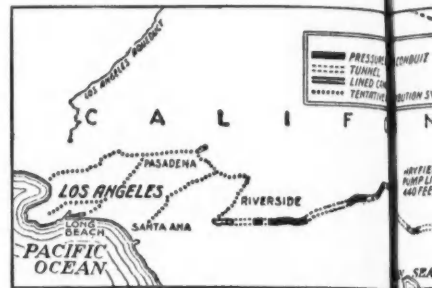
It is generally assumed that the present session of Congress will be short. Nearly everyone wishes it to be. President Roosevelt does not want Congress on his hands during the summer. The presidential campaign will be on, and it will be in the interests of the President that conditions be settled as much as possible, and a Congress in session is always an unsettling influence. The Senate or the House might get out of hand, and pass legislation not desired by the President—legislation, perhaps, that would be unpopular throughout the country. Congress might enact laws, or threaten to enact them, which would disturb business and impede recovery. It is natural, therefore, that the President should wish Congress to pass a limited number of bills, particularly the appropriation bills which make money available for carrying on the work of the government, and then adjourn. Nearly all members of Congress are anxious for a short session, because all members of the House of Representatives and a third of the Senate are up for reelection, and they will want to get back home to carry on their campaigns.

The important measures which are fairly certain to come up this winter are: The appropriation bills, including the appropriation of money to carry on relief work; the formulation of a relief program by the administration (will the President insist upon continuing work relief, for example, or will he advocate merely direct payments to the unemployed?); the bonus; ship subsidies; a determination of the neutrality policy of the United States in case of wars among foreign nations (the present neutrality act expires on February 29); legislation to curb war profits in case of war.

These are not the only measures which will be debated, by any means. Perhaps other very important issues will arise. If, for example, the Supreme Court should declare the AAA or other parts of the New Deal program to be unconstitutional, substitutes may be brought forward. But the measures which have been named are the big ones which will have early consideration.

The bonus will be the first of the big bills to be voted upon. Late last summer when

the first session of the Seventy-fourth Congress was about ready to adjourn, bonus advocates undertook to bring forth a measure providing for the immediate payment of \$2,000,000,000, which, according to present law, the ex-service men are to receive in 1945. Administration leaders, opposing the bonus, were anxious that the issue should not be injected into Congress at that time. The President wanted to put through other pressing measures and then adjourn. Finally they compromised, agreeing that if the bonus bill was not pressed last summer, a new measure might



THE COLORADO AQU

be introduced as soon as Congress convened and that it should be voted upon on January 13. It is not yet clear just what form the new bill will take. Will it provide that the bonus be paid by issuing paper money; or will it simply provide that it be paid, leaving to Congress the means of raising the money? Whatever form the measure takes, it will be voted upon January 13, and it is expected by everyone that it will pass both houses. Whether or not it will be vetoed by the President may depend upon the provisions of the bill which the bonus advocates adopt.

All patriotic Americans would like to think that the President and all the members of the Senate and the House will give undivided attention, during the coming weeks, to the needs of the country. Anyone, however, who supposes that undivided attention will be given is grossly unrealistic. We know, as a matter of fact, that politics will play a large part in the action of all parties. The President, wishing reelection, will be obliged to consider not only what he thinks would be good for the country, but what he thinks a majority of the people will like. He will be undertaking to place the administration in a favorable light. He will wish to convince the voters that he is not out to hurt business, and at the same time he will wish to convince the farmers and the workers that he will continue his efforts in their behalf. Opponents of the administration will subordinate everything else to the effort



A NEW KITCHEN

After extensive alterations, the most modern collection

Doing, Saying, and Thinking

This, briefly, is a description of the Colorado River aqueduct which is now in its fourth year of construction and which will be completed in 1938. At a cost of about \$220,000,000, it will bring water to Southern California from a point in the Colorado River 155 miles below Boulder Dam. The conduit, partly pipe, partly covered concrete, partly concrete-lined canal, is looked upon as one of the greatest engineering feats in American history. Its construction in the arid lands of the Colorado River Basin will make possible the irrigation and cultivation of hundreds of thousands of otherwise untillable acres, for in this part of the country everything is subservient to an adequate water supply.

Historical Backgrounds

By David S. Muzzey and Paul D. Miller

The Supreme Court in Jackson's Day

IN many respects, the Jacksonian era in American history resembles the present Roosevelt administration. In the first place, Jackson was ushered into office by those who protested against the domination of the business and industrial interests of the country—the "forgotten men" of that day. Secondly, Jackson undertook immediately to inaugurate reforms in economic policy which would benefit the great masses of the people. Thirdly, Andrew Jackson, like Franklin D. Roosevelt, had a strong personality and believed in taking the initiative in shaping national policies. What is perhaps more interesting about the Jacksonian administration at the present time is the views which the President had about the Supreme Court and the Constitution and the conflicts he had with the chief justice of the Court, John Marshall.



DAVID S. MUZZEY

Andrew Jackson did not accept the view which has come to be accepted throughout the United States that the Supreme Court has the final say about what the Constitution means—the so-called doctrine of judicial review. Rather, it was his opinion that the three branches of the government—executive, legislative, and judicial—were equal in authority. Nowhere were his views on this subject more clearly expressed than in his veto message of the bank bill delivered in 1832. In his message to the Senate, he declared:

The Congress, the Executive, and the Court must each for itself be guided by its own opinion of the Constitution. Each public officer who takes an oath to support the Constitution swears that he will support it as he understands it, and not as it is understood by others. It is as much the duty of the House of Representatives, of the Senate, and of the President to decide upon the constitutionality of any bill or resolution which may be presented to them for passage or approval as it is of the supreme judges when it may be brought before them for judicial decision. The opinion of the judges has no more authority over Congress than the opinion of Congress has over the judges, and on that point the President is independent of both. The authority of the Supreme Court must not, therefore, be permitted to control the Congress or the Executive when acting in their legislative capacities, but to have only such influence as the force of their reasoning may deserve.

Court and the States

Up to the time of this statement, the Supreme Court had declared only one act of Congress unconstitutional and that was in 1803, in the famous *Marbury vs. Madison* decision, which was handed down by John Marshall. Not for another 50 years did the highest tribunal outlaw an act of Congress, and that was when it rendered the historic *Dred Scott* decision. Nor did the famous *Marbury* case give the Court undisputed authority to legalize or void acts of Congress, and the views expressed by President Jackson were shared by a large number of public officials. But if the Supreme Court did not invalidate another act of Congress until the *Dred Scott* case, it did pass upon the constitutionality of laws passed by state legislatures and caused considerable controversy. It was in connection with one of these decisions that Jackson and John Marshall had their major tilt, resulting in the statement attributed to Jackson in which he said, "John Marshall has made his opinion, now let him enforce it."

The case in question involved the authority of the state of Georgia over territories occupied by the Cherokee Indians. The government of Georgia insisted that its laws were in force in these territories, and when a man by the name of Worcester refused to obey them he was arrested and sentenced by the Georgia courts. The case finally reached the Supreme Court and Worcester

was held not guilty. But the state officials refused to recognize the authority of the federal court and to abide by its decision. In fact, Georgia was so angered with this interference in its local affairs by the court that it failed to be represented before the court, as it had done in a previous case. The state legislature declared that Georgia would "never so far compromise her sovereignty, as an independent state, as to become a party to the case," and the governor said that "if the judicial powers thus attempted to be exercised by the courts of the United States is submitted to, or sustained, it must eventuate in the utter annihilation of the state governments."

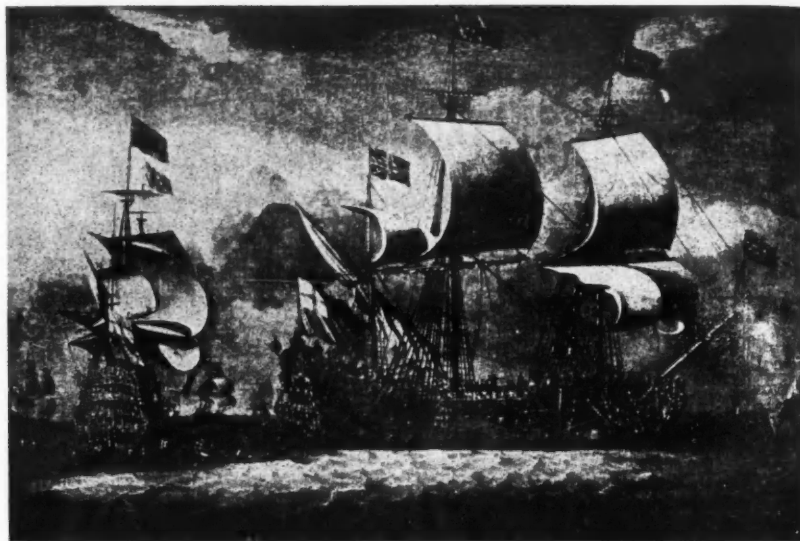
And there was nothing much the Supreme Court could do, in dealing with the case, to force Georgia to comply with its ruling. John Marshall simply could not "enforce his opinion" because the instruments of enforcement, the military and police forces, were not in his hands. There have been other instances in our history where decisions of the Supreme Court have not been complied with, but they are few and far between. Rightly or wrongly, the theory of judicial review, established by Marshall in the *Marbury vs. Madison* case, has been accepted by other branches of the government and by the people at large.

Recent Decisions

There can be no doubt that certain recent decisions of the Supreme Court have been highly distasteful to President Roosevelt and his supporters, for they have taken the props from under much of the New Deal reform program. Nevertheless, the question of defying these rulings of the Court has never been seriously raised. Thus, when the NRA was declared unconstitutional last spring, the Supreme Court's verdict was considered final and it was recognized that the only recourse open to the President or to Congress was to propose a constitutional amendment either limiting the powers of the Court or specifically broadening the powers of the national government.

The doctrine of judicial review, generally accepted as it has become, has had as direct an effect upon the political and economic history of the United States as have the acts of Congress and the President. Whether the practice has resulted in the greatest good to the people as a whole is a much-disputed point. It has been argued, as in the NRA decision, that the will of the people has been thwarted by the absolute veto power of the Supreme Court. Moreover, it is charged, since the exact meaning of certain parts of the Constitution is not clear, and since different interpretations have been given by equally well-informed people, the final authority should not be entrusted to a body of nine men. Many of the most vital decisions in our history have been handed down by a majority of one vote, indicating that even the Court itself interprets the Constitution differently.

On the other hand, it is pointed out that a final authority is necessary to protect the liberties and interests of the people and that if a majority of the people want to change the Constitution they may do so by following the method prescribed in the document itself, namely, amendment. There is no easy solution to this problem which is likely to loom larger in public debate as the Supreme Court reviews the major pieces of legislation passed by Congress since 1933.



THE BRITANNIA IN 1682. THE LARGEST OF BRITAIN'S 30 NEW SHIPS OF THE LINE
From an illustration in "Samuel Pepys: The Years of Peril."

Among the New Books

A Great American

"Jane Addams: A Biography," by James Weber Linn. (New York: Appleton-Century. \$3.50.)

"Forty Years at Hull-House," by Jane Addams. (New York: Macmillan. \$3.50.)

BOTH of these books, which were issued in the fall, are necessary for an understanding of Jane Addams. "Forty Years at Hull-House," being "Twenty Years at Hull-House," and "The Second Twenty Years at Hull-House," in one volume, contains no new material except an afterword by Lillian D. Wald, telling of Jane Addams from the time of the completion of the second book in 1930 to her death last year.



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JANE ADDAMS

authorized biographer. It is, of course, obvious from his book that he loved and admired his aunt. Yet somehow he manages to retain an almost objective viewpoint in writing of the great social genius. He seems to have inherited some of her characteristics—a charming, quiet sense of humor, a desire for better social conditions, an idealist's hopes, yet withal excellent good sense.

To the impartial observer, it is curious that, as he says in the preface, he had no "just conception of the view the world seems to have had of her importance in it." For Jane Addams was a great and rare woman, of that there can be no doubt. She

was years ahead of her time in her social philosophy, but she unquestionably swiftened the current of social reform.

Personal History

"I Write as I Please," by Walter Duranty. (New York: Simon and Schuster. \$3.)

MR. DURANTY is perhaps the most respected and outstanding of our foreign correspondents. For 14 years he has been correspondent of the *New York Times* in Russia and thousands of Americans have depended almost solely upon his dispatches for their information about developments in that country.

In "I Write as I Please" Mr. Duranty makes no attempt to present a formal discussion of the Soviet experiment, nor does he try to let the reader in on "inside dope" heretofore unpublished. He has written a delightfully personal and informal history, often rambling off to tell of his mental musings and philosophical views. What impresses one with his book is his fairness and honesty. He has no axe to grind, no thesis to get across, but one is impressed by the fact that with all his detachment he has succeeded in getting the true feel of the country and the people.

Pepys—His Public Life

"Samuel Pepys: The Years of Peril," by Arthur Bryant. (New York: Macmillan. \$3.50.)

A COUPLE of years ago Mr. Bryant brought out a volume, "Samuel Pepys: The Man in the Making," which was widely acclaimed. It covered the years ending with the completion of Pepys' famed "Diary," and when Mr. Bryant announced that he would complete his biography of Pepys in another volume, there was a great deal of question as to whether he could match the fascinating first volume. There is no longer any question. The second volume is, if anything, more fascinating, and certainly more remarkable. For there was no "Diary" in this case on which to lean. But there were other sources, literally thousands, in libraries and private collections. In fact, the author states in his preface that most of the material in this new volume is derived from hitherto unpublished manuscripts. The world has long known Pepys for his private life; it did not know, nor seem to care, that he also had an important public life. The present volume describes how Pepys rose to be secretary of the admiralty, and reorganized England's navy. Through intrigue which surrounded him on all sides, and plots which were directed to discredit him, he emerges undefeated. It is a romantic and vivid recreation which Mr. Bryant gives us, and authoritatively annotated.



IN A RUSSIAN CLASSROOM

It was among the Soviets that Walter Duranty, author of "I Write as I Please," made his great reputation as a reporter.

—Soyuzphoto



Does plan to establish sub-capitals indicate growth of bureaucracy and destruction of state lines? Would nation benefit from such a plan? Three different views.

THESE three imaginary students will meet each week on this page to talk things over. The same characters will continue from week to week. We believe that readers of THE AMERICAN OBSERVER will find it interesting to follow these discussions week by week and thus to become acquainted with the three characters. Needless to say, the views expressed on this page are not to be taken as the opinions of the editors of THE AMERICAN OBSERVER.

John: A good many people have been saying that the Roosevelt administration is trying to change the American form of government. They have thought that the President and his party were for a centralized national government which would encroach upon the rights of the states. The friends of the administration have denied such suggestions. But how can they deny the fact any longer in the light of the recommendations which have been made by the National Resources Committee, which includes five members of the Roosevelt cabinet?



© W. W.

HAROLD L. ICKES

Charles: Just what do you refer to, John?

John: The National Resources Committee, a committee of which Secretaries Ickes, Roper, Dern, Wallace, and Perkins are members, has issued a report advising that the country be divided into 12 regions or districts, and that there be a capital of each. The idea is that there be 12 "little capitals." These districts would, to a large extent, take the place of the 48 states.

Charles: I haven't read the report, but as you describe it, it sounds like a very sensible plan. Political scientists have argued for a long time that the states have outlived their usefulness. In the early days of our history, they served a good purpose. But now that people travel around so much and trade so freely from one part of the country to the other, state lines don't mean much. Just as there are too many counties in each state, so there are too many states in the nation. If there were a dozen states, each made up of a definite region with most of the people having similar interests, it would be a good thing. There could be one state of New England, for example, another taking in the North Atlantic region, another the Middle West, and so on. There would be some sense in a division of that kind.

Mary: Whatever advantages or disadvantages such a plan might have, it's foolish

to talk about it in connection with the suggestions made by the National Resources Committee.

John: Isn't that about what the Committee recommends?

Mary: Not at all. Did either of you boys read the report? Charles says he didn't. Did you, John?

John: No, but I read about it in the papers; rather full accounts. And the papers spoke of the plan to have 12 regions and 12 sub-capitals. That looks to me very much like a plan to supplant the states.

Mary: Well, in this case, as in many others, the newspapers distorted the facts. They wanted to get a sensational story out of the report, and they falsified its meaning and stretched it beyond recognition. I read the recommendations in full. It was a big job. There are about 200 large pages of it, and it is poorly written. It is highly theoretical. The authors of it do not know how to get down to the point and say what they have to say in definite, concrete terms. So they are largely responsible for the misunderstanding of its meaning. But after you go carefully over the report, you find that they aren't advocating any very radical changes. They think that the states should continue as they are and that the national government should continue as it is, but that there should be a number of regions, each of which should have a planning commission. This commission should consider the needs of the region and then get the states in that territory to act together on matters that require the cooperation of several states. In many cases the national government also could cooperate.

Charles: I don't quite understand. Can you give an example showing how the plan would work?

Mary: Yes, because there already are a few such regional organizations. For example, about 10 years ago the New England Council was set up. It takes in all the New England states. The governors of these six states get together now and then to discuss matters of concern to all of them. They discuss such matters as health problems and come to certain conclusions. Then each governor recommends to his state what should be done. The National Resources Committee simply recommends that regional organizations like that be set up in other parts of the country.

Another illustration of something of that kind which has already been established is the Tennessee Valley Authority. That is an agency of the national government which operates in a section of the country—parts of seven states—which has common prob-

lems and conditions. The national government is helping to improve navigation, control floods, develop water power, assist the farmers, prevent soil erosion, and so on, in this section, and it calls upon the states in the region for cooperation. But it isn't taking any power away from the states.

Joan: Does the National Resources Committee want to establish organizations like the TVA all over the country?

Mary: Not exactly. One kind of work is being done in the Tennessee Valley. Other regions have different needs and problems. For example, in the lower South there is a very serious share-cropper problem. Hundreds of thousands of tenants or renters in the cotton country, who farm the land for a share of the crops, are destitute. Their condition is positively tragic. Something must be done about that problem. It cannot be ignored, whoever is in office at Washington. It cannot be handled by any one of the states. There must be common action. At the same time it needn't be handled from Washington. Why not have a commission established, with headquarters, let us say, at Atlanta, Georgia. Several states could have representatives on the commission; all the states affected by the problem; states such as Georgia, Alabama, and Mississippi. The federal government could also cooperate with this commission.

In other sections there would be other problems. Several states, for example, have formed compacts determining the way the waters of the Colorado River, which flows through all of them, shall be used. It would be useful if such matters could be discussed by a regional commission, meeting, let us say, in Denver.

These are only a few illustrations of the work which might be done by the various regions. Here is another: It is very cumbersome and unhandy for the wheat allotment work under the AAA to be carried out in Washington. If the AAA work affecting wheat control were done out in the wheat country, St. Louis or Kansas City, for example, it would be a good thing. That would prevent the centralization of the government so completely in Washington. So it would be well for a region to be established in the Middle West. The federal government could do out there the work which affects that region particularly, and the states in the region could also cooperate to work out some of their problems.

Charles: My objection to this plan, as you have described it, is that it doesn't go far enough. I would like to see the regions take the place of the states altogether. I think our states are among the most outworn of American institutions. As long as the nation is divided into a number of purely arbitrary districts, it will be impossible to map out a broad program of national planning such as I think we eventually must have. The plan proposed by the National Resources board is typical of the Roosevelt administration. It goes only a small fraction of the way toward a sound development of our national life.

John: And I think the plan goes too far. It may not be the intention to take power away from the states, but that would be the result. As time went on, more and more would be done in the regional capitals and after a while the regions would be considered more important than the states. That's why I say the recommendations really do propose to change our form of government, and I oppose any such step.

Mary: Before you make up your mind too definitely on that point, I suggest that you read the report of the committee. It is a government document and you can get it by writing to The National Resources Committee, Department of the Interior, Washington, D. C. I think if you will read it carefully you will see that your fears are unfounded.



—From the Washington Daily News

POSSIBLE "LITTLE CAPITALS"

Some of these cities would become headquarters for government work in the plan for the decentralization of federal administration.

THOUGHTS AND SMILES

A New York judge says the courts can't do anything to you if you call some other fellow a bum and a faker, but don't forget the other fellow might.
—BOSTON HERALD

As we understand it, the increase in Christmas trade, the giving of bonuses, and the general amelioration in big and little business all has been accomplished in spite of the New Deal.
—F.P.A., in the N. Y. HERALD-TRIBUNE

Whether we like it or not, industry, much against its will, has been forced, in sheer self-defense, to enter the political arena, or to be destroyed as a private enterprise.—Clinton L. Bardo, president, National Association of Manufacturers.

The dictionary is a great comfort. When it gives you information, you don't have the uneasy feeling that it is propaganda.
—BUFFALO EVENING NEWS

Man is the only animal that can be skinned more than once.
—READER'S DIGEST

The League of Nations seems reluctant about applying oil sanctions to Italy. Probably it will end up by putting a good, stiff embargo on olive oil.
—NEW YORKER

It might be a much better world at that, if each year, on December 26, Santa Claus wasn't automatically placed on the list of the unemployed.
—ATLANTA CONSTITUTION

With each year witnessing 4,000 less deaths from tuberculosis than the year before the great white plague is vanquished.—Dr. Louis I. Dublin, of the Metropolitan Life Insurance Company

SOMETHING TO THINK ABOUT

1. Do you agree with the argument that health insurance would interfere with the efficiency of the medical profession and be dominated by politics?

2. To what extent are the medical and health needs of your community being met by the present system? If they are not being taken care of satisfactorily, to what do you attribute the deficiency?

3. How has Germany benefited as a result of the whole Hoare-Laval peace plan episode? In what respect has the prestige of the League of Nations been enhanced?

4. In your opinion, should the League of Nations declare an oil embargo against Italy? If so, should the United States join?

5. What, in your opinion, would be the advantage of the establishment of sub-capitals? The disadvantages?

6. What is meant by the doctrine of judicial review and how did it originate?

7. What are the favorable and unfavorable signs in the business situation in your community?

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PRONUNCIATIONS: Benes (beh-naish'), Masaryk (mah'sa-reek'), Chiang Kai-shek (chyang' ki' shek'—jasin ice), Cardenas (kar'-day-nas), Calles (kah'yays), Jose Barnett (ho-say' bar-nate').



—TVA Photo

WILSON DAM AND THE NITRATE PLANT AT MUSCLE SHOALS, ALABAMA

An essential feature of the Tennessee Valley experiment which offers the outstanding example of regional planning in the United States.

Students of Nation Discuss Costs of Medical Care Issues

(Continued from page 1)

reputation is likely to charge \$25 to \$35 for an examination.

The average family simply cannot meet such expenses as that. Even if the head of the family is employed, it cannot do it. The typical family has scarcely enough so that its members can get along when everything is going well. They have not enough to be comfortable. A recent careful survey made by the Brookings Institution shows that, in most parts of the country, a family of ordinary size must spend about \$2,000 a year if everyone is to have enough of the right kind of food to maintain health, if all are to have enough clothing so that they

does not. He grows worse. Finally they call a doctor. Families always do as a last resort, whether they have money or not. But it is too late. The little fellow dies, and the light goes out of the home.

This is not an imaginary case. Tragedies of that kind are occurring in thousands of homes every year, every week. It may not be the baby. It may be the mother, the father, the brother or sister. But chronic illness and death, unnecessary afflictions, are visiting the American people in overwhelming numbers of cases; all because most of the people cannot pay the costs of medical care—because the remarkable, almost miraculous healing powers of modern medical science are not at the command of the poor. And, let it be remembered, all but a fraction of the American people are poor.

Hospitalized Illness

STRIKES ONLY ONE PERSON IN 15 PER YEAR



BUT IT COSTS

HALF OF ALL FAMILY EXPENDITURES FOR ILLNESS



FROM A CHART BY THE JULIUS ROSENWALD FUND

will be dressed properly and comfortably, if the children are to have educational advantages; if, in short, the family is to maintain a safe and comfortable standard of living. Unless the family has more than that, it cannot lay up money for a rainy day—for extraordinary costs, such as doctor's bills. Yet 74 per cent of the non-farm families have less than enough for an adequate diet, even if the breadwinners are constantly employed! This shows what an impossible burden illness places upon the ordinary family.

Facts in Human Terms

The fact is that a very large proportion of American families positively cannot meet the costs of serious illness. The consequences are weakness, ill health, premature death. Here is one consequence: Of each 1,000 babies born into wealthy families, 11 die in infancy. Of each 1,000 babies born into poor families, 66 die in infancy. But those figures are mere statistics. If we translate them into human terms we find something like this: The Smiths, let us say, are a well-to-do family. They have a little baby, Johnny, whom they all love. They give him the right kind of food. Frequently he is examined by the doctor, who prescribes diet and care. When Johnny develops some symptom of illness, the doctor is called. After a while the baby is well, and he develops in health and strength, a source of joy to all.

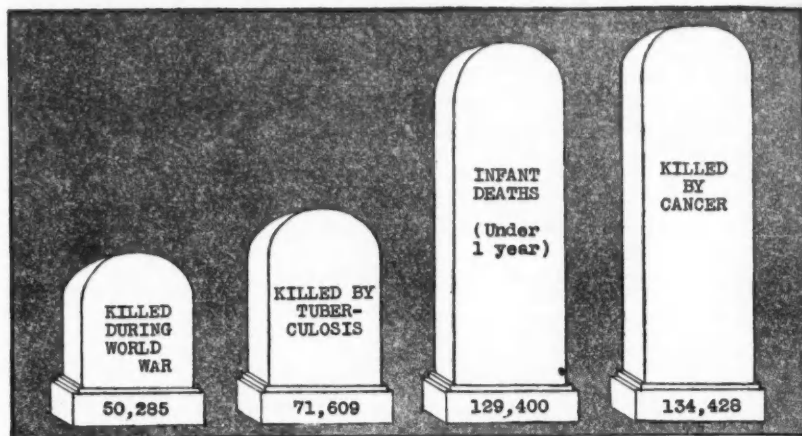
Now let us go to the other end of the town where we find a poor family, the Browns, who also have a little boy, Johnny, whom all adore. But the Browns are poor. They have barely enough to live on. They must watch the expenditure of every cent. They cannot take Johnny to the doctor for examinations. They do the best they can for him, but haven't expert counsel. Johnny does not get along very well. He refuses to eat one day; perhaps develops a temperature. They talk of taking him to a doctor, but that would cost money and they have no money. They might have him taken as a charity case but they do not like to call for charity. They decide that loving care may bring Johnny through. But it

Doctors Not to Blame

There really is not any doubt about the urgency of this problem of the cost of medical care. Former President Herbert Hoover has spoken of it as the greatest problem with which the American people have to deal, and he did not miss it very far. But what are we to do about it? That is a difficult question. An easy answer which may come to mind is that the fees of doctors, the wages of nurses, and the charges of hospitals should be reduced. Few thoughtful people, however, accept such a solution. Half the nation's doctors in the prosperous year of 1929 had incomes below \$3,800 and a third of them received less than \$2,500. That is not much, when we take into account the time and money which goes into a medical education and the apprenticeship period during which the young physician makes next to nothing. Nurses are not employed regularly. Month by month they get little more than a living. And most hospitals operate at less than cost.

It is possible that there is no one remedy for this situation; no remedy which can be easily and quickly applied. It may be that the only solution is to find a way whereby the American people may obtain larger incomes. If they have not enough money to pay for medical care, they should have more. If it is true that the only solution is to enlarge the general purchasing power, then this problem of health preservation merges into the general economic problem of the production and distribution of wealth.

There are many students of the problem, however, who believe that something may be done even though we do not solve the age-old poverty problem. One of the measures most frequently advocated is health insurance—a system which would guarantee all people, regardless of their earnings or wealth, decent medical attention. One authority on this problem, Charles Edward A. Winslow, professor of public health in the Yale School of Medicine, describes the problem in this way: "Sickness is an emergency and the family that suffers severely in a given year is often unable to meet that emergency. Now other emergency costs—those arising from fire, burglary, automobile accidents, or death—are covered by insurance, by regular annual payments which can be met with relative ease and



THE TOLL OF DISEASE IN 1934 COMPARED WITH THE NUMBER OF AMERICANS KILLED IN THE WORLD WAR

which avoid crushing burdens when a crisis occurs. This is the logical way to deal with the emergency of illness."

Professor Winslow was chairman of the executive committee of the Committee on the Costs of Medical Care, a committee headed by a member of President Hoover's cabinet, Ray Lyman Wilbur. This committee spent six years studying the problem. It recommended that health insurance be established throughout the country. It pointed out that for reasonable monthly payments, a person could be assured of proper medical care. Its plan called for the development of health centers in every community. Most of the physicians, dentists, and nurses in each community would, under this plan, join the community hospital staff. People in the community would make a small monthly payment, enabling them to obtain free medical and hospital care. Doctors would be paid out of the general fund created by the monthly payments of the people. In some cases, the state or local governments would be called upon to contribute to the general fund, because not everyone in the community could afford to pay even the moderate sum required. Patients who participated in this plan could request the services of any doctor they desired. The doctors would be paid a regular yearly salary, thus assuring them of a steady income. People with larger incomes would not have to join in such a plan. They could continue to patronize private physicians. This, in brief, is the general idea of the plan recommended by the Committee on the Costs of Medical Care.

Actual Experiments

As a matter of fact, in some parts of the country experiments of this nature are now being carried on. One of the most successful of these is in Los Angeles where the Ross-Loos Clinic has attracted much attention. The clinic is operated by about 25 physicians. For the sum of \$2 a month a person may receive medical service either at his home or at the clinic. This does not include dental or nurse service. It does, however, include everything else. Moreover, if the head of a family pays the \$2 a month, the other members of the family are also guaranteed medical help. This plan has seemed to work out well thus far.

Then too, the American Hospital Association is supporting a scheme of insurance to cover hospital and nursing costs. Under this plan, those people who contribute a small weekly or monthly payment are guar-

anteed rooms and treatment in hospitals for an agreed length of time. The average payment is 75 cents a month, which adds up to \$9 a year.

These plans are possible because the cost is spread out over so many people. Health insurance is based on the same principle as other kinds of insurance. Some of the people who contribute money to the health funds are not ill very often and, therefore, their money is used to help pay the expenses of those who are sick frequently or who suffer long illnesses. Even though one may go for several years without seeming to benefit from health insurance, he is certain to feel more secure. He knows if he does become seriously ill he will be taken care of. Another advantage is that he may plan in advance just how much he will have to spend on doctor bills.

Many social workers and others believe that the insurance plans we have mentioned are all right as far as they go. But they feel that it will be years before voluntary and private health insurance schemes are adopted on a wide enough scale to provide adequate medical care for the majority of people; to prevent the thousands of deaths and chronic illnesses which result from improper medical attention. It is argued, therefore, that state-wide systems of health insurance should be put into effect at once. Medical care, it is contended, should be made a public responsibility.

Arguments Pro and Con

While there is a growing sentiment in favor of some such plan as this, there is still a great deal of opposition to it. The arguments against compulsory health insurance may be summed up as follows: State control of medicine might do much more harm than good. There would be serious danger that politics would creep in if a health insurance system were to be administered by a state government. The doctor might be interfered with in ways which would be harmful to him and the patient. The hurried adoption of insurance schemes would be dangerous and might wreck the medical progress which has been made under the long-established private practice of medicine. The state system might prove inefficient and unable to tend to the nation's medical needs. While the present system is not perfect, it has brought the American people increasingly better health. Medical care is a delicate matter. The personal relationship between the physician and patient is a very important factor. State control of medicine would undoubtedly go far in the direction of doing away with this personal relationship. These, in brief, are the arguments against health insurance. Let us briefly examine those in favor of it:

Most European countries have adopted programs of sickness insurance, and not one of these countries has abandoned the idea. They are convinced of the desirability of this sort of health protection. In our country only the well-to-do people, those who make up but a small part of the total population, can now afford proper medical care. The nation's health standards would be infinitely better if all people could have regular medical treatment. People would consult their doctors far more frequently. Our schools are under public control and they are, for the most part, well managed and free from political control. Very few

(Concluded on page 2, column 4)

ILLNESS AMONG PERSONS IN FAMILIES OF VARYING ECONOMIC STATUS - 1933



FROM A CHART BY THE COMMITTEE ON ECONOMIC SECURITY